WE CLAIM:

1. A method of processing an electronic coupon to be redeemed for a product being scanned by a portable user apparatus and purchased, comprising the steps of:

a) reading said electronic coupon from a memory of the portable user apparatus into a memory of a transaction system;

b) scanning a product identifying code associated with said product being purchased; and

c) electronically matching said electronic coupon from the memory of the transaction system with the product identifying code on said product being purchased to redeem the coupon.

2. The method of claim 1, wherein the portable user apparatus is an optical code reader.

3. The method of claim 2, further comprising the step of reading said electronic coupon into the memory of the portable user apparatus by scanning a printed bar code symbol corresponding to said electronic coupon by said optical code reader.

4. The method of claim 1, further comprising the step of reading said electronic coupon into the memory of the portable user apparatus by downloading digital data corresponding to said electronic coupon from a server on the Internet into the memory of the portable user apparatus.

5. The method of claim 2, further comprising the step of reading said electronic coupon into the memory of the portable user apparatus by downloading digital data corresponding to said electronic coupon from a host computer to the optical code reader when the optical code

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reader scans the product identifying code on the product being purchased for which said electronic coupon is available.

6. The method of claim 1, further comprising the step of reading a time stamp and an expiration date associated with said electronic coupon into the memory of the portable user apparatus for storage with said electrical coupon.

7. The method of claim 1, further comprising the step of processing additional electronic coupons, and the step of providing limiting circuitry within the portable user apparatus for limiting the number of said electronic coupons that are stored in the memory of the portable user apparatus to a single product identifying code.

8. The method of claim 1, further comprising the step of processing additional electronic coupons, and the step of providing limiting circuitry within the transaction system for limiting the number of said electronic coupons that are stored in the memory of the portable user apparatus to a single product identifying code.

9. The method of claim 2, further comprising the step of processing additional electronic coupons, and the step of providing limiting circuitry within the reader for limiting the number of said electronic coupons that are stored in the memory of the portable user apparatus to a single product identifying code.

10. The method of claim 1, wherein said step of reading said electronic coupon into the memory of the transaction system is performed by electrically coupling the portable user apparatus to the transaction system.

11.   The method of claim 1, wherein said step of reading said electronic coupon into the memory of the transaction system is performed by wirelessly transferring data from the portable user apparatus to the transaction system.

12.   The method of claim 1, further comprising the step of providing a customer identifier in the portable user apparatus, and reading said customer identifier into the memory of the transaction system at the time of purchase of the product.

13.   A method of encoding an electronic coupon to facilitate a transaction using the coupon, comprising the steps of:

a)   providing customer identifier data in a user's computer;

b)   inputting into the computer a template for the electronic coupon for a specific product; and

c)   transferring the electronic coupon with the customer identifier data to a transaction processor.

14.   The method of claim 13, further comprising the step of providing an optical code reader in the user's computer.

15.   The method of claim 14, wherein the step of inputting the electronic coupon template includes scanning a bar code symbol with the optical code reader.

16.   The method of claim 15, wherein the bar code symbol is in UCC/EAN-128 coupon extended code format.

17.   The method of claim 16, further comprising the step of providing the customer identifier data in the household ID field of the UCC/EAN-128 format.

18.   The method of claim 13, wherein the step of inputting the electronic coupon template is performed by downloading digital data from a server on the Internet into a memory of the user's computer.

19.   The method of claim 14, further comprising the step of reading the electronic coupon template by automatically downloading digital data from a host computer to the user's computer when the optical code reader scans a product identifying code on a product for which the electronic coupon is available.

20.   A method of preparing a paper coupon to facilitate a sales transaction using the paper coupon, comprising the steps of:

    a)   providing customer identifier data in a user's computer;

    b)   inputting into the user's computer an electronic coupon template for a specific product;

    c)   providing the customer identifier data into the electronic coupon template; and

    d)   printing the paper coupon with the customer identifier data.

21.   The method of claim 20, further comprising the step of providing an optical code reader in the user's computer.

22.   The method as defined in claim 21, wherein the step of inputting the electronic coupon template includes scanning a bar code symbol with the optical code reader.

23.   The method as defined in claim 22, wherein the bar code symbol is in UCC/EAN-128 coupon extended code format.

24.   An article having a computer-readable medium that stores computer-executable instructions for encoding an electronic coupon, comprising:

a)   means for acquiring electronic coupon template data from a scan of a bar code symbol; and

b)   means for encoding customer identifier data in the electronic coupon template.

25.   A method of using a bar code reader to facilitate a sales transaction using an electronic coupon utilizing a computer network, comprising the steps of:

a)   inputting into the bar code reader a product coupon derived from scanning a bar code symbol;

b)   providing a customer identifier in the bar code reader;

c)   associating the bar code reader with a sales transaction terminal linked to the computer network to tender the product coupon associated with a product being purchased in the sales transaction;

d)   determining a server on the computer network associated with a supplier of the product;

e)   transmitting purchase confirmation over the computer network to the server with data of the coupon being tendered; and

f)   receiving a response from the server including a payment of a value of the coupon being tendered.

26.   A sales transaction system utilizing electronically stored coupons, comprising:

a)	a portable hand-held optical code reader for scanning bar code symbols corresponding to product items to be purchased, and for scanning coupons associated with the product items, including a memory for storing data of the product items and the coupons scanned by the reader; and

b)	a host computer for receiving the stored data associated with the product items and the coupons from the memory of the reader, and for redeeming each coupon corresponding to each respective product item purchased.